

TRANSPORTATION
COMMISSION
BARTON W. LaBELLE -Chairman
JACK L. GINGRASS - Vice Chairman
BETTY JEAN AWREY
TED B. WAHBY
LOWELL B. JACKSON
JOHN W. GARSIDE
LH 0-0 (4/99)

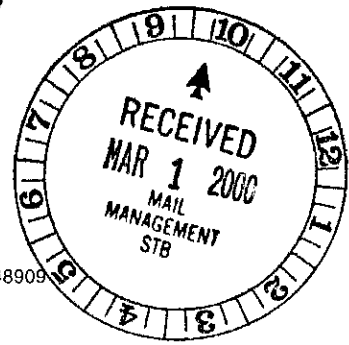
197432
STATE OF MICHIGAN



JOHN ENGLER, GOVERNOR

DEPARTMENT OF TRANSPORTATION

TRANSPORTATION BUILDING, 425 WEST OTTAWA POST OFFICE BOX 30050, LANSING, MICHIGAN 48909
PHONE: 517-373-2090 FAX: 517-373-0167 WEB SITE: <http://www.mdof.state.mi.us>
JAMES R. DeSANA, DIRECTOR



February 29, 2000

Mr. Vernon A. Williams, Secretary
Surface Transportation Board
Case Control Unit
Attn: STB Ex Parte No. 582
1925 K Street N. W.
Washington, D. C. 20423-0001

ENTERED
Office of the Secretary

MAR 01 2000

Part of
Public Record

Dear Secretary Williams:

The railroad industry in North America has undergone significant changes during the past few years due to a series of mergers and acquisitions, including the creation of the Burlington Northern Santa Fe (BNSF), the Union Pacific (UP) acquisition of the Southern Pacific (SP), the break-up of Conrail through its acquisition by CSX and Norfolk Southern (NS), and the Canadian National (CN) acquisition of Illinois Central (IC). In each of these transactions, the Surface Transportation Board correctly issued decisions based upon an extensive analysis of each proposal on its own merits. While some of these consolidations, notably the UP-SP and the break-up of Conrail, resulted in temporary service failures on portions of their systems, others have been executed without any significant problems.

With the recent announcement by CN and BNSF to jointly establish a common ownership structure, a number of shippers, government officials, and other industry watchers have raised concerns about further consolidation within the railroad industry and its impact on service levels and competition. Speculation has run rampant on the reaction of other major railroads to an approval of the CN-BNSF proposal. Some have speculated that North America is destined to have two major transcontinental railroads, with numerous smaller regionals and shortlines.

We believe it is important to review each proposed transaction on its own merits, including the resulting service to be offered to shippers, its effects on competition, and the impact to the environment. The State of Michigan will review and analyze the facts of each future proposed transaction and offer support or opposition based upon the impact to the transportation system and the overall environment. We urge the Surface Transportation Board to continue to do likewise. To do less would be inconsistent and discriminatory.

Sincerely,

James R. DeSana
Director

